

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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DIRECT GROUP NORTH AMERICA, INC.

Plaintiff,

Case No.: 07 CV 07161(LAK)

V.

TRANCOS, INC., COREGMEDIA ASSOCIATES,
INC., BRIAN NELSON, KEVIN BRODY,
DAVID MACIEL, and CRAIG BOUGAS

ANSWER TO AMENDED
COMPLAINT

TRIAL BY JURY
DEMANDED

Defendant.

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Defendants TRANCOS, INC. COREGMEDIA a divsion of Trancos, Inc. s/h/a
COREGMEDIA ASSOCIATES, INC., BRIAN NELSON, KEVIN BRODY and CRAIG
BOUGAS by their attorney Vincent N. Amato hereby answers the plaintiff's amended
complaint as follows:

PARTIES

1. Denies knowledge and information sufficient to form a belief as to the allegations contained in the paragraphs of the amended complaint designated as 1.
2. Denies the allegations contained in the paragraphs of the amended complaint designated as 3,5,6,7, and 8.
3. Denies the allegations contained in the paragraphs of the amended complaint designated as 4 except admits that Defendant Brian Nelson was and still is and officer, shareholder and director of Trancos, Inc.

JURISDICTION

4. Denies knowledge and information sufficient to form a belief as to the allegations contained in the paragraphs of the amended complaint designated as 9, and 10, and refers all questions of law the court.

FACTS

5. Denies knowledge and information sufficient to form a belief as to the allegations contained in the paragraphs of the amended complaint designated as 11 and refers all questions of law the court.
6. Denies the allegations contained in the paragraphs of the amended complaint designated as 12,13,14,15,16, and 17.

ANSWERING CLAIM FOR RELIEF COUNT ONE

7. Repeats and realleges each and every denial contained in the paragraphs of the answer designated as "1" through "6" inclusively.
8. Denies the allegations contained in the paragraphs of the amended complaint designated as 19 except admits that BMG Columbia House and Trancos, Inc. entered into an agreement on or about February 3, 2006.
9. Denies the allegations contained in the paragraphs of the amended complaint designated as 20,21,22 and 23.

ANSWERING CLAIM FOR RELIEF COUNT TWO

10. Repeats and realleges each and every denial contained in the paragraphs of the answer designated as "1" through "19" inclusively.
11. Denies the allegations contained in the paragraphs of the amended complaint designated as 25,26,27,28,29,30 and 31.

AS AND FOR A FIRST AFFIRMATIVE DEFENSE

12. The plaintiff has failed to comply with the terms and conditions of the contract.

AS AND FOR A SECOND AFFIRMATIVE DEFENSE

13. The Plaintiff's action is barred by the terms and conditions of the contract.

AS AND FOR A THIRD AFFIRMATIVE DEFENSE

14. The Plaintiff's damages if any are limited by the terms and conditions of the contract.

AS AND FOR A FOURTH AFFIRMATIVE DEFENSE

15. Without admitting liability, to the extent that the Court should find that Plaintiff suffered damages and grant judgment in Plaintiff's favor against answering defendants then in that event Defendants are entitled to an offset or reduction of said judgment for money owed to Defendant Trancos, Inc. by Plaintiff.

AS AND FOR A FIFTH AFFIRMATIVE DEFENSE

16. The plaintiff has failed to mitigate its damages.

AS AND FOR A SIXTH AFFIRMATIVE DEFENSE

17. The plaintiff's damages if any were caused in whole or in part by plaintiff's own acts of commission or omission and plaintiff's claim for damages should be reduced in proportion thereto.

AS AND FOR A SEVENTH AFFIRMATIVE DEFENSE

18. The court lacks jurisdiction over the person of Craig Bouras and Kevin Brody.

AS AND FOR AN EIGHTH AFFIRMATIVE DEFENSE

19. The complaint fails to state a good and true cause of action for fraud.

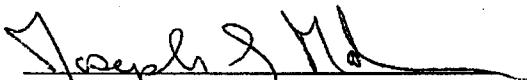
**AS AND FOR A COUNTER CLAIM
by TRANCOS, INC. AGAINST PLAINTIFF**

20. On or about February 3, 2006 Trancos, Inc. ("Trancos") and BMG Columbia House, Inc. ("BMG) entered into a contract.

21. Pursuant to said contract Trancos provided a service to BMG for which it was to be compensated.
22. Trancos after providing said service did submit invoices for payments to BMG in the total amount of \$477,919.75
23. BMG has wrongfully refused to make payment to Trancos despite request that it do so.
24. BMG's refusal to pay Trancos is a breach of the aforementioned contract.
25. As a result of BMG's breach of contract Trancos has been unable to pay its sub-contractors.
26. As a result of BMG's breach of contract Trancos has suffered damage to its reputation in the industry.
27. As a result of BMG's breach of contract Trancos has suffered damages in the amount of \$477,919.75 for the outstanding invoices plus loss of future revenue due to damage to its reputation and loss of business in an amount to be determined by this court but believed to be an amount not less than \$1,000,000.00.

WHEREFORE, defendants seek judgment dismissing the complaint in its entirety, and awarding attorney's fees, costs and expenses and such other or alternative relief as the court may deem just and proper.

Dated: Pearl River, New York
November 2, 2007


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CV 07-07161 (LAK)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
DIRECT GROUP NORTH AMERICAN, INC.

Plaintiff,
- against -

TRANCOS, INC., COREGMEDIA ASSOCIATES,
INC., BRIAN NELSON, KEVIN BRODY,
DAVID MACIEL, and CRAID BOURGAS

Defendant.

Answer to Amended Complaint

Trial by Jury Demanded

LAW OFFICES OF VINCENT N. AMATO

*Attorneys for Defendants: Trancos, Inc., Coregmedia, a division of Trancos, s/h/a Coregmedia Associates, Inc.,
Brian Nelson, Kevin Brody and Craig Bougas*

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